

An Evaluation of Targeted Public Distribution System (TPDS) in Sundargarh District of Odisha

**A Thesis Submitted for the Partial Fulfillment of Master Degree in
Development Studies**

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CERTIFICATE

This is to certify that **Mr. Suprit Panigrahi** has carried out the research embodied in the present dissertation entitled “**An Evaluation of Targeted Public Distribution System (TPDS) in Sundargarh District of Odisha**” under my supervision for the award of Master degree in Development Studies at the National Institute of Technology, Rourkela. This dissertation is an independent work and does not constitute part of any material submitted for any research degree or diploma here or elsewhere.

(DR. NARAYAN SETHI)
Research Supervisor

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Contents

Certificate

Acknowledgements

List of Tables and Charts

Abbreviations

Abstract

Chapter I	Page No.
Introduction, Issues and Objectives of the Study	2-12
1.1 Introduction	2
1.2 Categories of Public Distribution System in India	4
1.3 Human Development in Odisha	7
1.4 Statement of the Problem	8
1.5 Significance of the Study	9
1.6 Relevance of Selecting Sundargarh as Sample Area	10
1.7 Objectives of the Study	11
1.8 Methodology of the Study	11
1.9 Organization of the Thesis	12
 Chapter II	
Review of Literature	13-21
2.1 Review of Related Studies	13
2.2 Conclusion	21
 Chapter III	
Process, Efficiency and Preference in Cash Transfers of PDS in Odisha	22-56
3.1 Introduction	22
3.2 Demographic Profile of the Study Area	22
3.3 Access of Public Distribution Utilities	28
3.4 Perception of the respondents regarding Public Distribution System	30
3.5 Preference of Cash Transfers over Food Grain Subsidies in PDS	33
3.6 Case Study of PDS through direct interview with Block Civil Supply Officers	48
3.6.1 Procurement, Lifting, Storage and Distribution	49
3.6.2 Monitoring and Supervision	49
3.6.3 Infrastructure facilities for PDS	50
3.6.4 Stakeholders in the Process of Distribution	50
3.6.5 Stakeholders in the Process of Monitoring	53
3.6.6 Functioning of Public Distribution System in Odisha	55
3.7 Conclusion	56

Chapter V

Summary and Conclusion

57-60

Policy recommendations for the existing PDS

59

Scope for Further Research

60

Appendix-I

61-62

Bibliography

63-64

List of Tables and Charts

Table No. / Chart No.	Title	Page No.
Chart 3.1	Sex of the respondents	24
Chart 3.2	Religion of the respondents	24
Chart 3.3	Caste of the respondents	25
Chart 3.4	Marital Status of the respondents	25
Chart 3.5	Education of the respondents	26
Chart 3.6	Primary occupations of the respondents	27
Chart 3.7	Family type of the respondents	28
Chart 3.8	Family size of the respondents	28
Table 3.1	Age statistics of the respondents	29
Table 3.2	Number of years of possession of Ration Card among BPL beneficiaries	30
Table 3.3	Number of years of possession of Ration Card among APL beneficiaries	30
Table 3.4	Grain sufficiency (by considering family size) among APL respondents	32
Table 3.5	Grain sufficiency (by considering family size) among BPL respondents)	33
Table 3.6	Preference for Grain Transfers among APL beneficiaries	35
Table 3.7	Preference for Grain Transfers among BPL beneficiaries	35
Table 3.8	Amount of Cash required among BPL respondents	36
Table 3.9	Amount of Cash required among APL respondents	36
Table 3.10	Frequency of monthly Cash Transfers of APL respondents	37
Table 3.11	Frequency of monthly Cash Transfers of BPL respondents	37
Table 3.12	Mode of receiving Cash Transfer among BPL respondents	38
Table 3.13	Preference of Cash in place of food grains (by considering distance of PDS outlet) among APL respondents	39
Table 3.14	Preference of Cash in place of food grains (by considering	

	distance of PDS outlet) among BPL respondents	39
Table 3.15	Preference of Cash in place of food grains (by considering quality of grains received) among APL respondents	40
Table 3.16	Preference of Cash in place of food grains (by considering total transit time from the PDS outlet) among APL respondents	41
Table 3.17	Preference of Cash in place of food grains (by considering number of days the PDS outlet remains open in a month) among BPL respondents	41
Table 3.18	Preference of Cash in place of food grains (by considering timely opening of the PDS outlet monthly) among BPL respondents	42
Table 3.19	Preference of Cash in place of food grains (by considering timely opening of the PDS outlet monthly) among APL respondents	43
Table 3.20	Preference of Cash in place of food grains (by considering information about advance opening of the PDS outlet) among BPL respondents	43
Table 3.21	Preference of Cash in place of food grains (by considering adequacy of opening of the PDS outlet) among BPL respondents	44
Table 3.22	Preference of Cash in place of food grains (by considering attitude of PDS dealer) among BPL respondents	45
Table 3.23	Preference of Cash in place of food grains (by considering attitude of PDS dealer) among APL respondents	45
Table 3.24	Preference of Cash in place of food grains (by considering functioning of PDS outlet) among BPL respondents	46
Table 3.25	Preference of Cash in place of food grains (by considering functioning of PDS outlet) among APL respondents	47
Table 3.26	Preference of Cash in place of food grains (by considering monthly consumption of food grains) among BPL	

	respondents	47
Table 3.27	Preference of Cash in place of food grains (by considering monthly consumption of food grains) among APL respondents	48
Table 3.28	Preference of Cash in place of food grains (by considering sufficiency of food grains) among APL respondents	48
Table 3.29	Preference of Cash in place of food grains (by considering sufficiency of food grains) among BPL respondents	49

Abbreviations

AAY – Antyodaya Anna Yojana

APL – Above the Poverty Line

BPL – Below the Poverty Line

CIP – Central Issue Price

CMR – Custom Milled Rice

CWC – Central Warehousing Corporation

DO – District Office of FCI

FCI – Food Corporation of India

FPS – Fair Price Shops

MSP – Minimum Support Price of food grains

OMSS (D) – Open Market Sale Scheme (Domestic)

Paddy – Rice with its outer covering

PDS – Public Distribution System

QCC – Quality Control Cell

RO – Regional Office of FCI

RPDS – Revamped Public Distribution System

RTI – Right to Information

SWC – State Warehousing Corporation

TPDS – Targeted Public Distribution System

Abstract

Public Distribution System (PDS) is often termed as means for ensuring food security for the poor and needy. This research evaluates the current system of PDS in several key areas such as access, efficiency, utilization and impact in the Sundargarh district of Odisha. It also checks the respondents views regarding opting for cash transfer scheme in lieu of food grain subsidy. This study also deals with the process of procurement storage and distribution of commodities in Odisha. The study reveals that the Public Distribution System in Odisha is functioning reasonably well and has significantly improved over the years. Rice holds primary importance when compared with the two other produces, namely, wheat and kerosene; because people here are predominantly consumers of rice and very little wheat. . PDS has succeeded in securing minimum food requirements yet it is often insufficient for large families. Respondents gave positive feedback about the functioning of the Fair Price Shops in terms of timing and opening but were largely dissatisfied with the attitude of the distributors. The respondents seem to be optimistic regarding cash transfer in place of food grain subsidies. However there is large exclusion and illegal inclusion errors in the system. This study also suggests some necessary policy recommendations for making the current system more efficient. There is immense potential in the scheme to emerge as the best food security measure provided issues around corruption, mismanagement and general State apathy is dealt with.

Chapter I

Introduction, Issues and Objectives of the Study

The aim of this chapter is to introduce the topic of the study emphasizing on the relevance of the study. It also explains the origin of Public Distribution System in India. This chapter also deals with the varieties of food security measures implemented in the country since independence. The chapter shows the development scenario of the rural areas of Odisha by taking the Human Development thrusts and ideas. It also includes the problems and limitations as well as conceptual framework, significance, objective, hypotheses, and methodology of the study.

1.1. Introduction

Food security has been a cause of concern for most of the developing and underdeveloped nations. Providing nutrition to the poorest of the poor still remains a major challenge which demands the attention of the State, Civil Societies and other related organizations. Public Distribution System has been operational for more than five decades, yet, barring a few southern states, access to resources and utilization of commodities has been low and it has hardly impacted the nutritional status of the targeted population (Sawant et al., 2013; Khera, 2001a; Radhakrishna et al., 1997). In these decades the scheme has been revised and modified to improve performance and to meet the central objective of providing food security to the eligible population of the country. This research evaluates the performance of Public Distribution System and tries to look into different factors affecting the entire process. The Public Distribution System which was introduced as a positive intervention by the state aims to make essential commodities available to the poor and marginalized sections of the society on a regular basis. It aims to offer the commodities at a price which is relatively lesser than the market price. The major objective of the Public Distribution System was to help the poor, weaker and vulnerable sections of the society against the rising prices of commodities thereby ensuring equality. The Public Distribution System is often termed as means for ensuring food security for all.

Public Distribution System was so named because it was a scheme which was undertaken by the government or any public authorities. It was aimed at meeting the food requirements of the weaker sections that were not able to fend for themselves owing to the huge market fluctuation of pricing of several important commodities. The essential commodities such as food grains (rice, wheat, pulses), sugar, kerosene oil etc. are provided under this Public Distribution scheme. There has been a scarcity of the resources owing to increase in population which has resulted in time to time government action to provide items at affordable price to the beneficiaries.

The main purpose of Public Distribution was to protect the ever diminishing interests of the poor and marginalized sections of the society. Several day-to-day essential commodities are made available to the weaker sections of the society through Fair Price Shops (FPS). Though there are proper channels, there are loopholes also in the system which has made the entire system sway away from its main objective of ensuring food security for all. All the items are made available to the beneficiaries through the FPS and each ration card holder gets a fixed quantity of items allocated to him/her under the scheme at a certain price fixed by the government from time to time. The price at which the items are made available to all is called the issue price. The difference between the market price and the issue price forms the basis on which PDS operates. There are several commodities available under the PDS which are not suitable for the consumers. The failure of PDS is also attributed to the lack of purchasing power of the poor and they are unable to avail the full quota of grains allocated to them, which results in black-marketing of the PDS commodities. Lack of proper coordination and monitoring system, lack of information among the various stakeholders involved in the system has resulted in breakdown of PDS at several levels. This has affected the sole motive of ensuring food security of the poor. Therefore, a study on the Public Distribution System is necessary to identify the loopholes in the existing system and devise necessary means to correct them.

Several studies have been conducted in India regarding the Public Distribution System but only a few have focused on Orissa. Orissa being underdeveloped and poor has posed

a major threat to the government in ensuring their food security. There is large scale unemployment which has paved way for poverty. Nearly 20% of the state population is sleeping without three squares of meal a day and there are many who are malnourished. Owing to large scale industrialization and deforestation people are losing their livelihood activities and are being unemployed. Food being the basic necessity of human life, the Public Distribution System works towards ensuring that no one goes hungry at any point of time. However there are certain issues to be dealt when the viability of this system has to be tested on a large scale. The focus should be more on commodities required in a particular context rather than anything given by the government under the scheme. Orissa is a rice consuming state so the government must devise plans to deliver more quantity of rice rather than giving wheat. There are different plans and policies being implemented regarding PDS throughout the country. In Orissa PDS items are procured in a decentralized manner by several agencies such as Orissa State Civil Supplies Corporation Limited (OSCSC) which in turn procures different items with the help of several agencies such as PACS¹, MARKFED², and NAFED³. So under these circumstances when ensuring food security is a major concern and food grains availability is getting less day by day, study of the Public Distribution System becomes necessary for finding out structural, functional and administrative changes in the existing scheme at large.

1.2. Categories of Public Distribution System in India

There have been monumental changes in the current Public Distribution System since its inception. The following sections reveal the changes in the system since independence and discuss their implications.

1.2.1. Revamped Public Distribution System (RPDS)

The Revamped Public Distribution System (RPDS) was launched in June, 1992 with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live. It covered 1775 blocks wherein area specific programs such as the Drought Prone Area

¹ Paddy Procurement Centers (PPCs) operated by the PACS

² Odisha State Co-operative Marketing Federation

³ National Agricultural Co-Operative Marketing Federation

Programme (DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Programme (DDP) and certain Designated Hill Areas (DHA) identified in consultation with State Governments for special focus, with respect to improvement of the PDS infrastructure. Food grains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per card.

The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by State Governments at the doorstep of FPSs in the identified areas, additional ration cards to the left out families, infrastructure requirements like additional Fair Price Shops, storage capacity etc. and additional commodities such as tea, salt, pulses, soap etc. for distribution through PDS outlets

1.2.2. Targeted Public Distribution System (TPDS)

In June 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the poor for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level. The scheme, when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tons of food grains was earmarked annually. The allocation of food grains to the States/UTs was made on the basis of average consumption in the past i.e. average annual off-take of food grains under the PDS during the past ten years at the time of introduction of TPDS.

The quantum of food grains in excess of the requirement of BPL families was provided to the State as ‘transitory allocation’ for which a quantum of 103 lakh tons of food grains was earmarked annually. Over and above the TPDS allocation, additional allocation to States was also given. The transitory allocation was intended for continuation of benefit of subsidized food grains to the population Above the Poverty Line (APL) as any sudden withdrawal of benefits existing under PDS from them was not considered desirable. The

transitory allocation was issued at prices, which were subsidized but were higher than the prices for the BPL quota of food grains.

1.2.3. PDS for General BPL—The BPL survey of the government is based on certain indicators to assess the economic status of the households. In this context, the identified BPL family is issued a ration card by the department of food supplies and consumer welfare to avail the essential items on monthly basis. Besides, the government also creates space of different subsidized policy to the beneficiaries within the same scheme by looking into the matters of vulnerability on different aspects. An example of this case is the BPL price of rice of the KBK region and rest of Odisha.

1.2.4. PDS for APL—The families found above the poverty line through the BPL survey are the APL families. When an APL family is issued a ration card by the department of food supplies and consumer welfare, by that time the family becomes a beneficiary under the APL scheme. Usually, the subsidized prices for the essential items under the scheme are almost same with the prices of other schemes except the food grains prices.

1.2.5. Antyodaya Anna Yojana (AAY)

AAY is a step in the direction of making TPDS aim at reducing hunger among the poorest segments of the BPL population. A National Sample Survey Exercise points towards the fact that about 5 % of the total population in the country sleeps without two square meals a day. This section of the population can be called as “hungry”. In order to make TPDS more focused and targeted towards this category of population, the “Antyodaya Anna Yojana” (AAY) was launched in December, 2000 for one crore poorest of the poor families. AAY has been expanded multiple times thus increasing its overage to 2.5 crore households. AAY contemplates providing poorest of the poor families food grains at a highly subsidized rate of Rs.2/per kg for wheat and Rs. 3/per kg for rice. The States/UTs are required to bear the distribution cost, including margin to dealers and retailers as well as the transportation cost. Thus, the entire food subsidy is being passed on to the consumers under the scheme.

1.2.6. Annapurna Yojana-The beneficiary under the scheme is not a family rather an individual. An individual being a helpless, destitute, widow, divorced or same tune of plight is considered a beneficiary under the scheme and gets free of food grains of a certain quantity.

1.3. Human Development in Odisha

Odisha, termed as the 11th most populous state in India has a population of about 41 million. The state of Odisha accounts to about 3.4% of the entire population of India. The state is spread over an area of 150000 sq. km which makes it the 9th largest state in India. This state has a population density of 260 sq. km and has a literacy rate of 72.87% (male literacy stands at 81.59% while female literacy is at 62.46%). The state also claims an outstanding sex ratio of 978. Out of the total population of Odisha only 16.69% people live in the urban areas while a massive 83.31% of the population lives in villages (Census 2011).

Odisha is mineral rich and has a long coastline but despite being abundant in natural resources it is one of the poorest states. Its economy has been declining at a fast pace. Although the State Agricultural contribution to GDP is 21.5%, the Human Development Index is 0.362 (2007-08) which is way less than the HDI of India marked at 0.467 (2007-08). On a scale of 23 the HDI rank of the state is 22 (2007-08) which makes it one of the most underdeveloped states in the country.

The poverty head count ratio of the state is 37% (2009-10) and the number of poor in the state has been estimated to about 15.32 million (2009-10). The Global Hunger Index of the state is 23.8 (2007) which is more than that of the entire country estimated at 23.3 (2007). Considering the figures above the task of ensuring food security in the state has been a tremendous challenge for the state government.

Odisha has a tribal population comprising of Scheduled Tribes (ST) at 22% and Scheduled Castes (SC) at 16% which is much higher than that of India. The ST communities are marked by being traditionally dependent on the forest resources for their

livelihood activities while the SC communities earn their livelihood by being dependent on caste based activities passed down since generation. But due to varied factors comprising of both man made (deforestation, industrialization etc.) and natural (flood, cyclone, droughts etc.) the livelihood of the above mentioned communities are at stake. So, ensuring food security through the Public Distribution System is the best alternative for the poor and the marginalized sections of the society.

Agricultural productivity of the state has been on a decline with more people opting for other jobs rather than being agricultural farmers. Despite several efforts by the government in providing opportunities to the farmer at various levels like providing loan at subsidized interest rates, cheap and high quality seeds, severe hunger and malnutrition poses a serious threat to development of the state. To ensure minimum food security to the poor the government has made several policy reforms in the Public Distribution System as initiated by the government of India after independence.

1.4. Statement of the Problem

Odisha, as mentioned earlier, is one of the most backward states in the country where the nutritional status of the people, especially tribals, is appalling. It is important to look into the situation from an academic research point of view so as to question the reasons behind the condition of the scheme in the state of Odisha.

The Sundargarh district of Odisha is predominantly a tribal district and falls under the Fifth Schedule area of the Constitution. Review of the maximum possible literature available in this field pointed out that academic study has not been conducted specifically on the problems prevalent in Sundargarh, despite being one of the most backward districts of the state with low nutritional status, high instance of poverty and high mortality rates (Census, 2011). PDS which started with the objective of providing food security to the most venerable sections of the society has failed to fulfill its promises in many States of India. Since Odisha and especially Sundargarh has been left out of academic research on PDS, a gap in understanding the situation of this setting is visible.

This research aims to fill this gap by using data based on primary survey of 100 participants residing in the Jalda Gram Panchayat of Lathikata Block.

The 100 participants who were surveyed consisted of 50 APL and 50 BPL candidates. Surprisingly the literature available on the evaluation of PDS and its related problems has only targeted BPL beneficiaries and has completely left out APL beneficiaries who also form a major portion of service users. Researchers have been blind to the fact that APL beneficiaries and their experience of using the PDS are equally important to that of the BPL beneficiaries. To elucidate information about this missing link in existing literature this study has included both BPL and APL service users and has compared and contrasted their experience while availing similar services. It can be said that within the limited scope of research that was possible for a Master degree dissertation this study has successfully attempted to add to the void in the academic literature on PDS as mentioned above.

1.5. Significance of the Study

The Public Distribution System in Odisha is established to meet the basic needs of the community who cannot afford to depend upon the market forces alone to obtain supplies of essential commodities. It also involves a heavy outgo in the form of subsidies from the public exchequer both at the Central and State Government levels. Hence it is imperative that the system needs to work at its peak efficiency. However, there have been several complaints about the system through the mass media as well as through direct representations to the authorities concerned. Some of these complaints relate to broad policy issues like geographical coverage, population coverage, commodity coverage, extent of subsidy, etc. and many others relate to operational issues like Non-availability of commodities at the shop level, under weighted, bogus cards, poor quality, etc. In the past as well as to a great extent even Now, most of the decisions involving the Public Distribution System have been based on the experience and intuition of officials and the political compulsions of the Government of the day. Decisions were Not taken on scientific basis partly due to the complexities involved in analyzing the problem and partly due to the highly sensitive nature of the problems. The results of the present study

will be useful to the policy planners in the State Government in their efforts to improve the working of the present system. It will be useful to the academicians and students in their study of the present system. Finally the study results may be useful for comparison with the results obtained by similar studies in other States

Literature review of relevant articles showed that a number of studies were conducted in the states of Andhra Pradesh (Arora 2013, Dutta 2011), Maharashtra (Arora 2013, Chandanshiv 2013, Jha 2013, Sawant 2013), Bihar (Mooij 2001) and Tamil Nadu (Arora 2013) but Odisha has seems to have received less attention of the researchers in the field of PDS. As mentioned above, Odisha is one of the most backward states in the country and Sundargarh, the target district, is lagging behind in a number of development indicators. Poverty, unemployment, illiteracy, high infant and adult mortality rates, migration and other factors have been the cause of declining nutritional status of the people residing here. In a study conducted by Khera (2011c) Odisha has been classified as a “reviving” state with regards to performance and efficiency. Thus it is important to conduct research in Odisha so as to explore the situation here in order to compare it with the performance of other states and to note the possible problems in ensuring Food Security.

1.6. Relevance of Selecting Sundargarh District as Sample Area

As per census of India 2011, in Odisha rural population constitute 83.32% of total population and Sundargarh is one of the district where 64.74 % population of Sundargarh districts lives in rural areas of villages. As per 2011 Census, the total Sundargarh district population living in rural areas is 1,355,340 of which males and females are 676,068 and 679,272 respectively. In rural areas of Sundargarh district, sex ratio is 1005 females per 1000 males. The rural literacy rate of the district is 67.27% with a male literacy of 76.63% and female literacy of 58.02%. Female literacy of Sundargarh district is low as compared to other. Whereas the urban literacy rate of the district is 86.28% with a male literacy of 91.41% and female literacy of 80.68%.

Being a tribal dominated district under the 5th Schedule of the constitution, food

problems among the rural poor is a serious concern. In the study area majority of the beneficiaries were a distinct population consisting of several PDS schemes such as BPL, APL and AAY. Hence the study area has been selected to evaluate the efficiency of the Public Distribution System.

1.7. Objectives of the Study

The study broadly evaluates the Public Distribution System of Odisha among various APL and BPL beneficiaries, specifically the objectives are:

- (1) To evaluate the issues related to access, utilization and perception of PDS among APL and BPL beneficiaries.
- (2) To examine the process of procurement, storage and distribution of commodities in Odisha.
- (3) To study respondents' opinion about cash transfer in place of subsidized food grains among APL and BPL beneficiaries.

1.8. Methodology of the Study

To fulfill the objectives of the study primary data has been collected from 50 APL and 50 BPL respondents, who were purposively selected from the service users visiting the Fair Price Shops between 15-12-13 to 15-01-14 at Jaldia C Block. Key person interviews were held with Block Civil Supply Officer on 20-01-14 and 25-01-14 at their homes. The identity of the key persons has been kept anonymous to ensure confidentiality. Both Qualitative and Quantitative techniques of research has been used in this study. Interviews have been qualitatively analyzed and interpreted. The information available from the survey was analyzed using SPSS V20.

The study was conducted in Jaldia (semi-rural) Gram Panchayat of Lathikata Block in Sundargarh district of Odisha. Data was collected from 15th December 2013 to 15th January 2014. Data interpretation was done in the month of February 2014. Sundargarh District is a Fifth Schedule Area and more than 50% of the population is tribal. Lathikata has a Scheduled Caste population of 544 and Scheduled Tribe population of 1895 (Census 2011). Lathikata block has 10388 BPL beneficiaries, 12035 APL beneficiaries

with only 92 fair price shops. Jalda is a single village consisting of 322 households with a population of 1027. The ST population is 411 and the SC population is 102 (Gram Panchayat Records, Jalda Gram Panchayat).

Purposive sampling method has been used for data collection because participants were available for survey only during fixed days at the Fair Price Shop in Jalda. 100 participants, 50 each from APL and BPL families were deemed sufficient based on the time and resources available within the limited scope of this research. All the respondents were residents of Jalda Gram Panchayat. They had ration cards and ranged between the age group of 20-70 years. The participants were selected irrespective of their gender.

Data has been collected both from primary and secondary sources. Primary data was collected from 100 beneficiaries using semi-structured household interview schedules. Interview schedule contained 50 questions. The first part of the schedule dealt with the demographic profile of the participant and the remaining sections had both open and close ended questions based on the objectives of the study. Face-to-face interviews were conducted with 2 supply inspectors of the block. It included open ended questions on the history of PDS, current scenario of PDS in the district and their suggestions for improvements in the existing scheme. Some secondary information was also collected from Census 2011 to crosscheck the background of the study.

1.9. Organization of the Thesis

This study is divided into four chapters including the present one. The present chapter introduces the study, historical development of PDS, background of the research and spells out the scope and objectives, methodology, data sources and the period of study. The second chapter delves deep into the available literature on this subject and tries to locate a gap for further investigation. The third chapter deals with the demographic characteristics of the interviewed groups in terms of age, religion, sex etc. and also with analysis and interpretation of data collected from the survey. The fourth and concluding chapter sums up the major findings of the entire study and suggests some policy recommendations.

Chapter II

Review of Literature

This chapter delves into the available literature on PDS. A number of state based studies have been enumerated below. This helps in explaining the existing situation of PDS in different states. A few studies relating to the causes and consequences of PDS has also been included. This review points out that very few studies have focused on Odisha and the APLs while studying the impact of PDS.

2.1. Review of Related Studies

Arora (2013) examined food subsidy in India and analyzes reasons behind the failure of PDS in many parts of the country. The article utilizes the 61st round of National Sample Survey Data on the monthly consumptions of households for the year 2004-05 and examines the role of Public Distribution System in ensuring price stability. She argues that the two major objectives for initiating this food security program was to provide nutritional support to the poor through subsidized and cheap food grains and maintain price stability, it has largely failed in meeting its goals. It has failed to reach the poor in most of the states other than the southern states like Andhra Pradesh, Tamil Nadu and Kerala, where it has been partially successful. To improve the functioning of the system it is imperative to improve outreach, particularly in the Northern states of the country. They also suggest inclusion of banks in providing food security.

Chandanshiv et al. (2013) carried out study in Maharashtra found that problems like leakage and benefits given to the Non-poor are a result of exclusion of eligible beneficiaries from the PDS list. They also suggested that PDS can be made universal if it includes other commodities like millets, cereals, pulses and edible oils. They also justified the Notion that PDS alone cannot satisfy the food requirement of the people and advocated the fact that the poor must be empowered to full benefits of programs like PDS. They also cited examples of problems originating due to cash transfer such as unfair exclusion, unjustified inclusion, administrative loss, and possible leakages. They

argued that cash could be used for procuring non-food item like liquor which would deny the basic foundation on which PDS stands upon, i.e. giving food security to one and all.

Ghuman et al. (2013) focused in his paper on the organization and working of PDS in Punjab. They advocated PDS as a useful policy instrument in providing important commodities to below poverty line people. Punjab is a major contributor in terms of national production of wheat and rice. In their study they found that in Punjab nearly 76% of the food grains were diverted to the open market and another 13% was diverted APL households. A mere 10% of the grains reached the BPL beneficiaries. This paper presents the major leaks and weaknesses in the functioning of the PDS in Punjab.

Jha et al. (2013) explored the flaws in the Public Distribution System and addressed the various implications related to the national food security bill 2011 with greater focus on issues of financing for ensuring food security for all. It has been argued that ‘common issue price’ could be a possible way to reduce leakages and misappropriation of commodities, however considering the enormity of food insecurity and hunger in India provision of food subsidy and universalization of distribution of grains is not adequate for the population. They advocated corruption free, efficient and accountable system with better infrastructure, systemic reforms, inclusion of new outlets, monitoring of service provisions, and decentralization of distribution and grievance redressal mechanisms.

Jha et al. (2013a) conducted a comparative study of the Public Distribution System based on factors like food subsidy, income transfer and the involvement of the poor. Three Indian states – Andhra Pradesh, Rajasthan and Maharashtra were chosen for the purpose of the study and primary data was collected from five hundred households from each of these three states. The study revealed that the program is not well targeted and the poor as well as the non-poor receive subsidy benefits. Better network of Fair Price Shops, higher margin of the PDS price with the market price, adequate supply, efficient procurement, storage and distribution and prioritizing livelihood expansion opportunities in the rural areas might ensure food security.

Sawant et al. (2013) investigated the effect of PDS with regards to social security and poverty alleviation in Maharashtra, India. They found that PDS failed in reaching the poor and needy population and it was later converted to Targeted PDS with the intention of providing food security to the most vulnerable sections of the society. They concur that the present condition of PDS like poor quality of the good supply, weight cutting, leakages of PDS products to the open market, non-availability of commodities etc. has led to the failure of the scheme. They suggest timely supply of commodities of good quality, construction of accessible public buildings, reducing the number of households under once fair price shop as well as effective and systematic complaint redressed mechanism for the service users.

Bhat et al. (2012) attempted to study the efficiency of PDS in Kashmir. They found a lot of misappropriation in supplies of PDS. They observed that ration shop owners had less profit and often sold their goods in the open market to earn more. The ration shops owners were also involved in misappropriation of supplies and provided much less to the consumers. The supplies were also of lower qualities and were not provided to the beneficiaries on time. They suggested that proper monitoring should be in place so that corruption could be minimized. They proposed that a minimum level of social security must be provided to the old, sick and disabled so as to ensure they do not go hungry.

Kumar et al. (2012) mentioned that corruption at the micro level as well as macro level has resulted in failure of the Public Distribution System. “Consumer Clubs” a Government of India scheme implemented in the year 2006-07 intended to educate children about the rights of the consumers and to protect and impart knowledge about the various schemes of the Government. Several clubs in rural, primary and upper primary schools have worked as watchdogs to ensure proper working of the PDS scheme in their localities. It was found that the clubs played a very important role in curbing corruption and ensuring food security but they suffered due to the lack of financial support and were rendered non-functional.

Puri (2012) surveyed 12 randomly selected villages in the Indian state of Chhattisgarh and found that majority of the beneficiaries of PDS are satisfied with the way their ration shops functions and are firmly against cash transfers. He found that cash transfer was a major concern due to unavailability of banks in rural India. Most of the respondents felt that in addition to commodities in the PDS, dal and cooking oil must be included in the list of items provided. They also advocated that the quantity of wheat supplied must be reduced and rice must be provided in lieu of it. It was also suggested that food grains should be based on number of individuals and not on the entire family as a unit.

Svedberg (2012) analyzed the case for and against replacing a reformed version of the current PDS with a targeted and differentiated cash transfer scheme. He proposed that such a scheme could benefit more than two-third households and extend the PDS outreach to larger poor communities. He expressed a concern that providing unconditional cash to poor households will reduce the labor supply but increase significantly the amount of nutritional intake of the poor. He also added that increase in income of the poor would lead to inflation. He suggested a targeted and differentiated all India cash transfer scheme based on bio-metric UID cards to curb use of ghost cards.

Dutta et al. (2011) compared the public distribution of food in two states, namely Andhra Pradesh and Maharashtra, based on 50th round of National Sample Survey, Household Consumption Survey data. The article concludes that there is a problem in utilization of commodities, targeting of population, magnitude of income transfers and cost effectiveness of food subsidies. A significantly higher number of people use PDS in Andhra Pradesh compared to Maharashtra and the coverage is higher by 30%. Based on the regional disparities it is important to study the success stories and incorporate the best practices to improve the scheme.

Khera (2011a) discussed the effectiveness of India's public distribution system as a food security intervention and explores the challenges in its utilization and its impact on the service users. She found that utilization is very low and wheat is often purchased from the market at a higher price instead of making use of the commodities provided through the

PDS. Her observation suggests two hypotheses one driven by demand and other by supply. In the first scenario under purchase is a result of personal choice or driven by demand factor such as high transactions costs, easy availability of coarse cereals etc. The second reason could be supply driven quantity constraints as well as income levels. She tries to establish that PDS purchases by BPL households declines when the price difference is high, thus reflecting the poor bargaining power of BPL households who do not protest for the fear of jeopardizing future transaction with the same PDS dealer.

Khera (2011b) found that the respondents received eighty four to eight eighty percent of their full monthly entitlement. She also advocated the fact that the subsidy for households below the poverty line from PDS food grain alone is tentatively equivalent to a week NREGA wages every month. Her study also revealed that a large majority of the respondents preferred to receive in-kind food transfers rather than cash transfers, except in Bihar where PDS is still in a very poor shape. From a universal PDS that supplies grains, dals and edible oil in Tamil Nadu with hardly any leakages in comparison with Bihar's targeted PDS where much of the grain does not even reach the rural poor, the PDS has unique features in each surveyed state. She also pointed out PDS mainly focused on Antyodaya and BPL households and there is rampant corruption in APL quotas. Her study also focused on the facts that there is a huge lack of infrastructure for cash transfers in rural India.

Khera (2011c) estimated the proportion of grain diverted from the Public Distribution System to the open market by matching figures from the 61st round of NSSO. She categorized Indian states on the basis of monthly per capita purchase of grain and diversion into three groups called "functioning", "reviving" and "languishing". There are seven states in the first category which have a good track record of PDS functioning. There are five reviving states that have shown tremendous improvements in PDS functioning. The last category includes eight states where PDS is not performing well. In her paper she focuses on the possible solutions of improvement in the reviving states. Her paper gives strong evidence that proves that PDS is non-dysfunctional in many regions.

Khosla (2011) attempted to measure the effect of caste reservation policies on the provision of public good and services in gram Panchayat in Andhra Pradesh using data from the National Rural Employment Guarantee Scheme (NREGS). His findings have shown that functioning of Panchayati Raj institutions is highly context dependent and relies on various socio-political factors. This paper demonstrates that the forward caste, who did not have a stake in NREGS still remained the central factor in the power based politics. He speculates that his study will be useful in several parallel areas of Panchayati Raj institutions where different researchers will try to understand the ways in which caste-based reservations interact with politics, bureaucracy and gender reservations.

Pal (2011) critically analyzed the functioning of organizations like Food Corporation of India and Central Warehousing Corporation in ensuring procurement, transportation, storage and distribution of commodities provided by the public distribution system. He argues that the current system is extremely corrupt and fails to address issues around shortage of stocks, fake supply entries in ration cards, diversion of commodities for sale to open market, bogus ration cards, irregularity and poor quality of food grains. He advocates technical up gradation and policy reforms to ensure transparency, speed up the process and improve performance to solve the above mentioned problems.

Ray et al. (2011) analyzed the food security issue of India during the last few decades and working of PDS with some macro measures. Their paper also tries to identify the part of population who deserve food security in general. They also analyze the availability, storage and procurement of food grains, assess the effectiveness of PDS, identify the discrepancies in the system, and find ways to remove the anomalies and to make the delivery mechanism more efficient. They mentioned that the targeting of individuals as a part of PDS has not been able to solve the problem of hunger. The exclusion of genuine beneficiaries has led to collapse of the objective of providing food security to the needy. They suggest that states should be given better flexibility in designing their own food security system and strong social audit mechanisms must be put in action.

Khera (2008) examined the Government of India's 1997 criteria for selection of households below poverty line. She found that throughout the country the criteria are static and uniform. She collected primary from 400 random households in 8 villages of Rajasthan and found that one-third of the beneficiaries categorized as BPL were wrongly included and forty four % of the eligible households were excluded. She questioned the practice of using uniform criteria throughout the country without any attention given to diversity in various geographic and socio-economic indicators. She justified the exclusion of eligible households in the BPL list by citing that the State Government is trying to match the poverty targets set by the Central Government Census. She also claims that there is a positive correlation between possession of a BPL card and being disadvantaged in several fronts.

Tritah (2003) investigated the effect of food subsidies on food security and poverty in India. It was found that PDS has a poor record of reaching the targeted population. There is also conditional access to the PDS and only a certain section of the society benefits from the scheme. Food subsidies filter out through the channel and fail to be entirely utilized. A new poverty measure has been suggested in the study which will integrate the food content of poverty lines and prove that relative to this poverty line, PDS has actually benefitted the targeted population.

Ramaswamy et al. (2002) studied the inefficiency of state institutions in controlling food prices and managing public distribution system with implications on quality of the products, supply chain and recipient's status. The paper proposes methods to test demand switches from PDS to open market based on quality of the commodities provided. The outcome of the study shows that demand switches will not occur as long as the market price of food grains remains higher than the subsidized grains. Quality of the product becomes the determining factor when the price of the open market is similar to that of the subsidized commodities. The state needs to coordinate the price factor as well as the quality of the grains in order to improve procurement.

Mooij (2001) tried to understand why the Public Distribution System failed in the undivided Bihar (Now Bihar and Jharkhand). Political involvement in misallocation of funds, provision of licenses, distribution of cards led to a system of wide spread anarchy and institutionalized corruption, the roots of which are very difficult to tackle. Open involvement of mafia, rangdars, and purposeful blindness of the bureaucrats is a major reason for disempowering the poor and marginalized families who are the rightful recipients of the services. It calls for an urgent reform in the political and socio-economic condition of the state to ensure that the benefits reach the targeted population.

Mooij (1998) discussed the historical and political evolution of PDS in India. The article talks about the early public distribution program which started in 1939 and maps the several phases that it has gone through until the introduction of Structural Adjustment Program (SAP) in 1991. The British government in India introduced food grain rationing in the year 1939 in Bombay and later in other cities right after the Second World War. After independence the second Food grain Policy Committee (1947) worked for the improvement of the system. From 1957 the Food grain Enquiry Committee facilitated the expansion of PDS by importing cheap wheat from USA which helped in reducing the price of the commodities. The Food grain Prices Committee of 1964 recommended setting up the Food Corporation of India which still continues to function.

Balakrishnan et al. (1997) studied the effect of the quality of products provided under public distribution system on consumer switches between open market and PDS. The increase in the issue price increases the cost of PDS grain and forces the customers to switch to the open market however the effect is not always direct. Open market was found to be principle source of supply and PDS did not cover most of the households and failed to satisfy the demand. They suggested increasing the coverage of PDS to maximum households as well as improving the quality of the products so as to compete with the open market as this would help in providing food security for all.

Ahluwalia (1993) assessed the coverage and performance of the Indian Public Distribution System. His major concerns are that leakages in to the free market is eating

into the profits of the scheme, the major target of the program i.e. the vulnerable sections of the society is often left out and there is a disparity in the rural outreach versus the urban outreach which has led to the failure of the scheme. He suggests that the future scheme should pay greater attention to the state poverty levels for determining central food grain allocation. The rules and regulations surrounding procurement and use of ration cards should be made user friendly. Instead of using greater number of inferior quality grains, a few important locally produced grains should be included so as to reduce costs, satisfy needs and improve the general wellbeing of the targeted population.

Koshy (1991) discussed about stock diversion at retail points in Kerala, India. They said that even in a well performing state like Kerala there has been huge diversion of grain into the open market. They suggest that the Fair price shop owners should lift as much as is demanded by the beneficiaries at a certain retail point. There should be newer methods by which beneficiaries would be able to obtain their monthly quota without facing any stock out. They advised that targeting the PDS sharply at the lowest income groups would have more social and economic relevance. It has been predicted that increasing the economic viability of the fair price shop would reduce the necessity to indulge in malpractices.

2.2 Conclusion

The review of relevant literature has revealed that majority of the studies have been conducted on states such as Kerala, Andhra Pradesh, Maharashtra, Punjab etc. There have been fewer studies in the context of Odisha. Most of the studies have focused on efficiency of the Public Distribution System in most of the affluent states. The literatures reveal that corruption, high diversion of grains and wrong targeting has led to the downfall of the current PDS system. The preference of cash transfers is also debated about in the articles while some favoring the system of cash transfer and some strongly criticizing it. Many studies have been targeted on the Below Poverty Line people and no or least focus has been on the Above Poverty Line people.

Chapter III

Process and Efficiency of PDS in Odisha

This chapter will include the demographic profile of the respondents, reflects on issues around access to resources, and discusses utilization and sufficiency in providing food security and the overall perception of respondents about the performance of the Targeted Public Distribution System. The data has been collected from two groups of BPL and APL respondents, fifty each. Analysis has been carried out for the groups separately as well as comparatively. The following chapter has been divided into three sections which deal with three different objectives defined in the study. The first section looks into the access and perception of the respondents about PDS, the second looks into their preference of opting for cash in place of food grains and the final section looks into the process of procurement, storage monitoring and distribution of PDS in Odisha.

3.1 Introduction

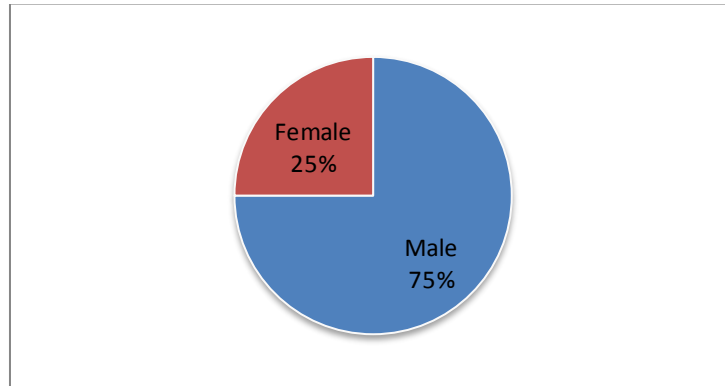
In any Public Distribution Scheme, it is the poor who are the targeted population. Since the poor cannot fend for themselves the need arises for their protection of food security. The identification of poor is a tough and tedious work. The poor are scheduled not only in terms of their income levels but also on their geographical diversity, caste identity and not being able to voice their opinion regarding the same. PDS is meant to ensure monthly food security for the marginalized sections of the society. PDS is also targeted to a group of population who are Above the Poverty Line and acts as a means of their food security also.

3.2 Demographic Profile of the Study Area

The study was conducted in the Jalda Gram Panchayat of Lathikata Block in Sundargarh District of Odisha. Sundargarh is predominantly a Tribal district and has been declared a Fifth Schedule Area. This following section will be mainly focusing on the demographic characteristics of the study area in terms of sex of the respondent, religion, marital status, education age and family size. The study area is located in the Lathikata block of the

Sundargarh district in Odisha and is a semi-rural area.

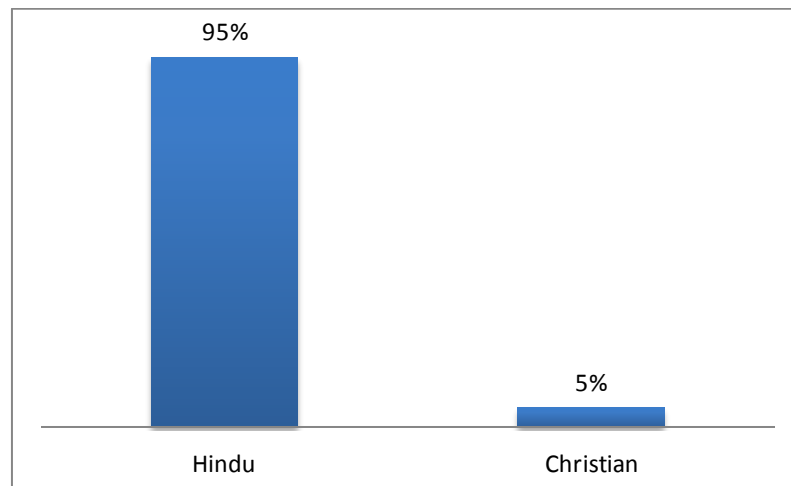
Chart 3.1 Sex of the Respondents



Source: Survey Data and Author's Calculation

For the purpose of this study one hundred participants were purposively surveyed. Response showed that 75% of the respondents were male and 25% were female. This means that more number of male participants was involved in collecting their monthly quota of grain from the PDS outlet rather than the females. This gives a general idea that more number of males had ration cards issues in their names in place of females.

Chart 3.2 Religion of the Respondents

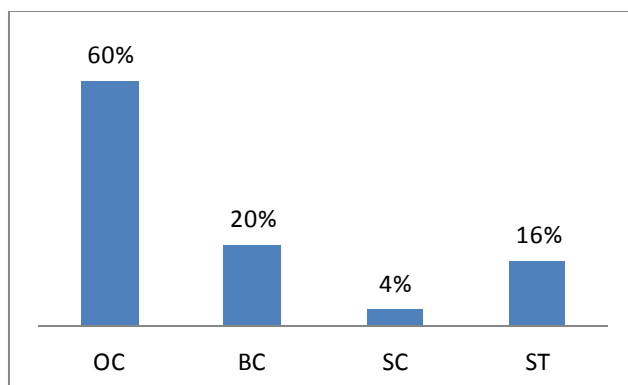


Source: Survey Data and Author's Calculation

Hindus formed about 95% of the population and Christians were only 5%. This shows

that the study area is mainly dominated by Hindus and a very small fraction of Christian population was found. PDS cannot be said to have been influenced by religion as the study area itself is a Hindu dominated area.

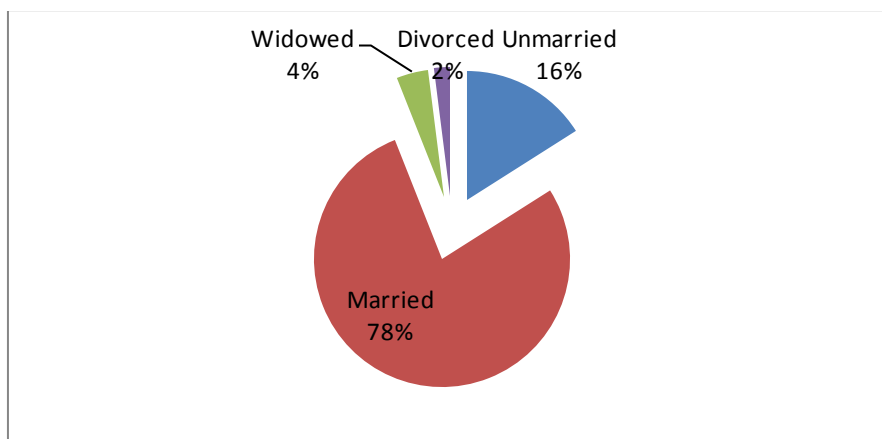
Chart 3.3 Caste of the Respondents



Source: Survey Data and Author's Calculation

About 60% of the respondents belonged to Other Castes, 20% were Backward Caste, 4% were Scheduled Caste and rest 16% were Scheduled Tribe. This shows that mainly the PDS beneficiaries interviewed were people belonging to the upper castes rather than the marginalized sections of the society. Though the PDS is targeted for the majority of the poorer sections of the society still a high percentage of upper caste people were benefitted by the scheme.

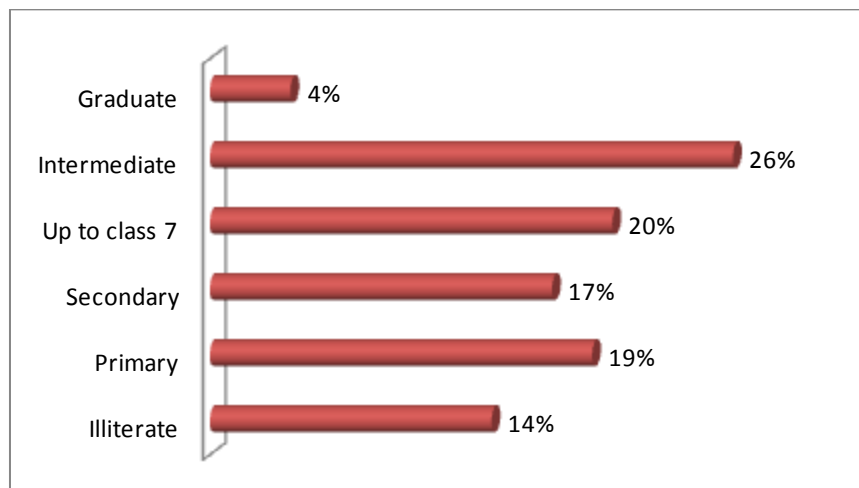
Chart 3.4 Marital Status of the Respondents



Source: Survey Data and Author's Calculation

According to the survey 78% % of the respondents were married, 16% were unmarried, 4% had lost their spouse and only 2% respondents were divorced. The above table represents that most of the respondents interviewed were having dependents with them and PDS was of importance to them for securing food security for their family. A very small number of unmarried respondents were found to be getting benefits from the PDS entitlements.

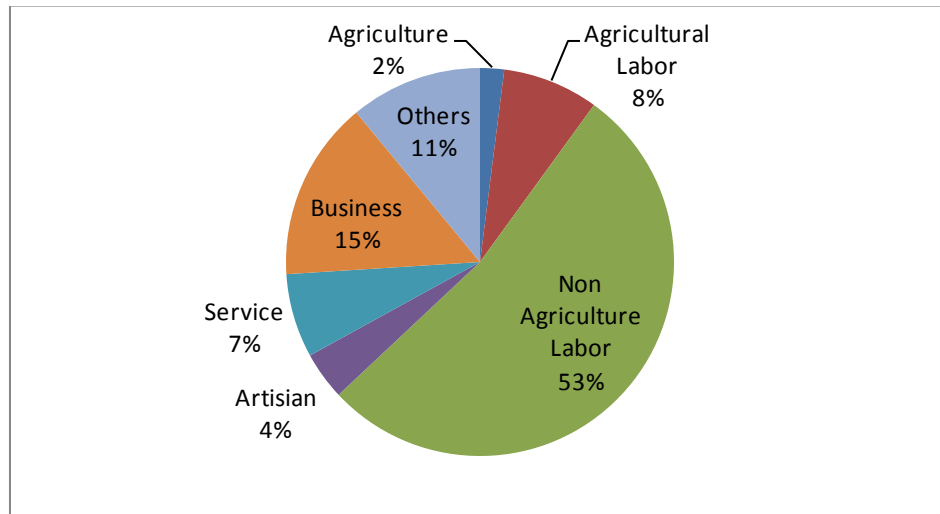
Chart 3.5 Educational level of the Respondents



Source: Survey Data and Author's Calculation

The highest number of participants were educated up to the intermediate level (26%) followed by Class 7th pass (20%). Primary school educated formed 19% of the population and around 14% of the respondents were illiterate. Only 4% of the respondents were Graduate. Thus the group had maximum number of participants ranging from illiterate to intermediate. Maximum respondents were literate up to some level and were aware of their benefits received from PDS supplies.

Chart 3.6 Primary Occupation of the Respondents

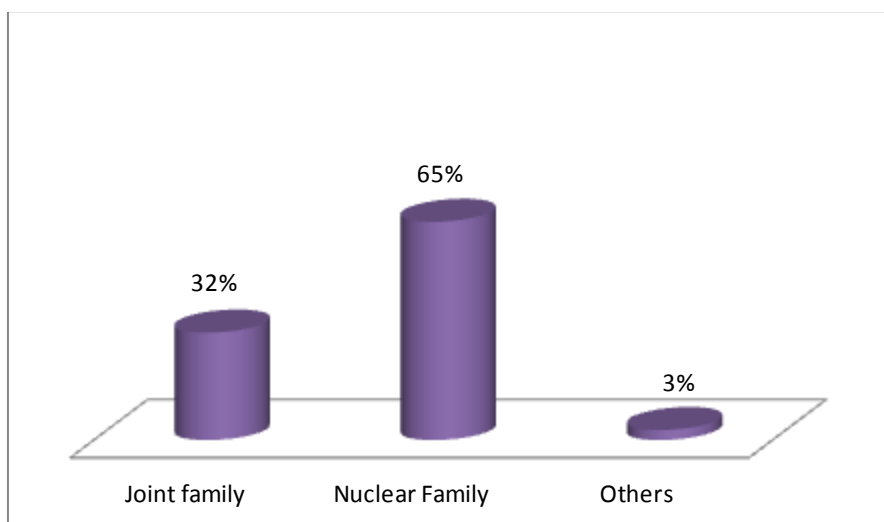


Source: Survey Data and Author's Calculation

The most common occupation was non-agricultural labor (53%), followed by 15% respondents who were engaged in business ventures. The least common occupation was self-owned agriculture farms as only 2% were involved in it, followed by agricultural laborers who formed 8% of the total population and artisans (4%).

The above table depicts that most of the respondents who were not dependent on agriculture were getting benefits from PDS supplies. Thus PDS was said to fulfill its objectives in ensuring food security for people who were not able to earn their living from agriculture. It is astonishing to see that 2% of the people who were dependent on agriculture were still depending on PDS for their food supplies.

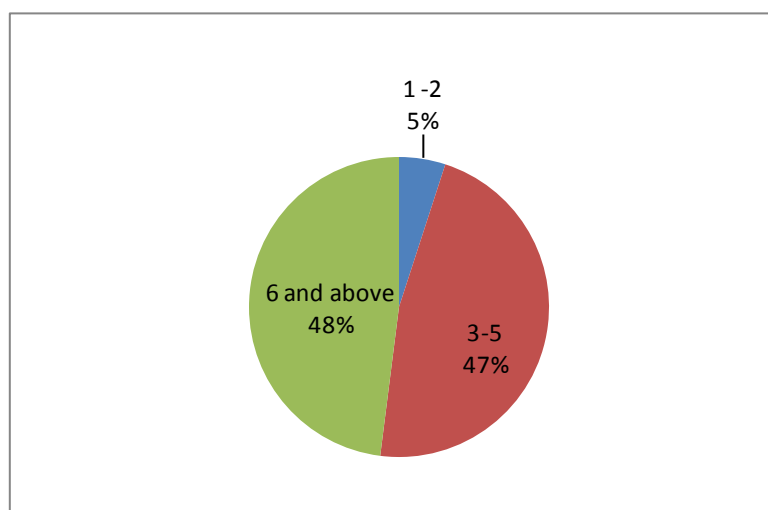
Chart 3.7 Family Type of the Respondents



Source: Survey Data and Author's Calculation

From the above table it is found that out of 100 respondents 32% were living in a joint family, 65% were of a nuclear family and the other category constituted of 3% people. Maximum respondents were single household families and had less number of dependents.

Chart 3.8 Family Size of the Respondents



Source: Survey Data and Author's Calculation

From the above table it can be concluded that nearly 48% of the population had a family size of 6 and above while 47% had a family size of 3-5 members. A meager 5% of the entire population had a family size between 1-2members. The above table shows that maximum people who had a family size of more than 3 were dependent on PDS entitlements. So PDS is deemed to be a necessity in families having more than 3 members to ensure their food security.

Table 3.1: Age Statistics of the Respondents

Mean	42.35
Minimum	20
Maximum	68

Source: Survey Data and Author's Calculation

From the above table it can be seen that the mean age of the respondents is 42 years and the maximum age is 68 and the minimum age is 20. This shows that PDS entitlements are for all adult age group members who possess a valid ration card.

3.3 Access of Public Distribution Utilities

The first objective of the study was to explore issues around accessing commodities provided under PDS. It was ensured that all the respondents had a ration card with them at the time of this research. Without a valid ration card none of the beneficiaries were allowed to take their monthly quota of grain from the FPS shop. The ration card also serves as an identity for the person who comes to take ration from the FPS. The amount of monthly quota received by the beneficiaries is also recorded in the ration cards.

Table 3.2: Number of Years of Possession of Ration Card among BPL Beneficiaries

Sl. No	No of Years.	Percentage	Cumulative Percentage
1.	2-5	20.0	20.0
2.	5-7	32.0	52.0
3.	7-9	16.0	68.0
4.	more than 9	32.0	100.0

Source: Survey Data and Author's Calculation

Table 3.3: Number of Years of Possession of Ration Card among APL Beneficiaries

Sl. No	No of Years.	Percentage	Cumulative percentage
1.	2-5	2.0	2.0
2.	5-7	6.0	8.0
3.	7-9	50.0	58.0
4.	more than 9	42.0	100.0

Source: Survey Data and Author's Calculation

Responses revealed that higher numbers of APL respondents (50%) have owned a ration card since last 7 to 9 years and around 42% have owned the same for more than 10 years. However, information from BPL respondents showed that only 16% of them owned a ration card for as long as 7 to 9 years and 32% have it for more than 10 years, making the combined score much lower than the APLs. Among the APL respondents only 2% received a ration card in the last 2 to 5 years and 6% from the last 5 to 7 years, whereas the BPL candidates have a much higher percentage of recent card receivers. Twenty percent received it in last 2 to 5 years and 32% received it in between 5 to 7 years. There have been huge issues of several inclusion and exclusion errors due to the obsolete survey of BPL and APL since the past decade. Around 18% of APLs agreed to have paid a bribe for acquiring this card and a staggering 52% of BPL respondents had to pay a bribe for it.

Jha et al. (2013), Kumar et al. (2012) and Bhat et al. (2012) showed concern over the issue of corruption in the entire process of public distribution. This study also supports their finding. A study by Ahluwalia et al. (2003) suggests that the process of card procurement and distribution should be transparent and user friendly to reduce corruption.

For most of the APL (68%) and BPL (70%) candidates the PDS outlet was within 2 km of their house. For 14% BPL and 18% APL respondents it was within 2 to 5 km and for 6% APL and 10% BPL respondents it was within 5 to 7 km. So access to the FPS shop was not a problem for the respondents in the study area. In my study area the FPS was in village Gram Panchayat office itself which was accessible by most of the beneficiaries in all seasons. On an average it took 70% APL candidates around 3 hours for the transaction at the outlet and the remaining 30% completed it within 3 to 6 hours. The PDS outlet is usually open for 0-3 days. This is an indication that a lot of productive work hour is used up for procuring the produce.

3.4 Perception of the Respondents Regarding Public Distribution System

To study the perception of the respondents regarding the overall functioning of the PDS, questions were asked about the quantity, quality and availability of the commodities. They were questioned about the attitude of the service providers and the overall experience of acquiring products from the Fair Price Shop.

According to the results of the survey rice is the most important commodity for the BPL respondents (72%), followed by kerosene (24%). Wheat is the least valuable product (4%). Similarly, for the APL respondents rice is the most important commodity (56%), followed by kerosene (34%) and wheat (10%). Interestingly APL candidates also showed a desire to receive rice, which is not provided at present. It can be concluded that rice holds primary importance because people here are predominantly consumers of rice and very little wheat. Kerosene is used as a fuel for cooking. It has replaced the need to collect firewood for day-to-day cooking and is thus very important for the respondents.

On an average people living above poverty line receive 7 kgs of wheat every month and 4 litres of kerosene, and people living below poverty line receive 25 kgs of rice, 10 kgs of wheat and 4 litres of kerosene. However, 88% of APL respondents and 44% of BPL respondents are forced to pay above Rs 400 each month for extra grains. For a low income level family this out of pocket expenditure takes a toll on their finances. PDS has succeeded in securing minimum food requirements yet it is often insufficient for large families; 86% APL and 96% respondents shared that the commodities provided were not sufficient for their entire family. This is one important reason for dissatisfaction among the service users as it was found that 96% APL and 84% BPL respondents wanted above 35 kgs of rice per month to meet their family requirements. Jha (2013) in his article has claimed that in order to ensure food security for one and all the amount of grains procured from PDS needs to be increased significantly. Puri (2012) in his article has supported the above notion that food grains must be provided to the beneficiaries according to the number of family members and not by considering the entire family as a single unit.

Table 3.4: Grain Sufficiency (by Considering Family Size) among APL Respondents

Sl. No.	Size of the Family	Grain sufficient to meet family needs			Total
		Yes	No	unclear	
1	1 -2	0	1	0	1
2.	3-5	1	15	1	17
3.	6 and above	1	27	4	32
	Total	2	43	5	50

Source: Survey Data and Author's Calculation

From the above table it can be concluded that for a family size of more than 3 out of a total 50 APL beneficiaries nearly 32 beneficiaries felt that the quantity of rice supplied to them is not sufficient to meet family needs. So the amount of PDS entitlements should be given by considering the number of family members rather than looking at the individual card holder so that the entire family need can be fulfilled.

Table 3.5: Grain Sufficiency (by Considering Family Size) among BPL Respondents)

Sl. No.	Size of the Family	Grain sufficient to meet family needs		Total
		Yes	No	
1	1 -2	2	2	4
2.	3-5	0	30	30
3.	6 and above	0	16	16
4.	Total	2	48	50

Source: Survey Data and Author's Calculation

In comparison with APL respondents, the BPL respondents gave a similar response when asked whether grain received by them is sufficient according to their size of the family. Out of 50 BPL respondents 46 respondents having a family size of 3 and more claimed that gain received by them is not sufficient to meet their family needs for the entire month. In a similar study Bhat et al. (2012) suggests that funds should be utilized appropriately so that the quantity of grain to be provided can be increased so that it meets the requirements of large families. The above analysis suggests that the amount of grain is not sufficient neither for BPL and APL respondents with larger family size.

Respondents gave positive feedback about the functioning of the Fair Price Shops. Around 98% of the APL respondents and 96% of the BPL respondents said that the grains reached them on time and there were No irregularities. Only 2% APL and 12% BPL respondents said that there were missing entries on their cards but fake information was never entered. 74% APL and 68% BPL participants mentioned that the writing on their cards were illegible, 16% (APL) and 20% (BPL) agreed that entries were sometimes overwritten. Around 28% of the APL and only 4% of the BPL respondents complained that they were Not aware of the timing of the shop and 12% APL and 4% BPL respondents had to return empty handed from the shop because by the time they reached, the suppliers had run out of commodities. This was in contrast with a number of studies

that complained about the appalling performance of PDS (Jha et al., 2013; Dutta et al. 2011; Pal, 2011), however according to the responses gained in this survey the performance in terms of functioning of the Fair Price Shops in the targeted area is average.

Another problem was the deficiency of cash at the time of purchase; 16% APL and 24% BPL did not have funds to buy the commodities. However, everybody was interested in buying the commodities from Fair Price Shops. Responses showed that 92% BPL thought the quality of the grains was average and 2% thought it was poor and remaining 2% thought it was of good quality. Among the APL respondents 76% considered it to be of average quality, 10% thought it was of poor standard and 14% liked the quality of the product. Ramaswamy et al. (2002) wrote an article on the relationship between the quality of products available under PDS and switch over to open market. They claimed that poor quality of grains was a major reason for underutilization of resources and gradual transition to open market. This study also finds strong evidence that supports the opinion that the quality of grains provided under PDS is average and there is a need for quality improvement.

3.5 Preference for Cash Transfers over Food Grain Subsidies in PDS

Considering the alternative to lack of food among the various respondents, all of them were asked about their opinion regarding giving extra cash for buying food grains per month. It was interesting to know that a majority of the respondents showed an inclination towards direct cash transfer instead of procuring commodities.

Table 3.6: Preference for Grain Transfers among APL Beneficiaries

Sl.No.	Preference of Cash Transfers	Percentage	Cumulative Percentage
1.	Yes	82.0	82.0
2.	No	18.0	100.0
3.	Unsure	0	100.0
	Total	100.0	

Source: Survey Data and Author's Calculation

Table 3.7: Preference for Grain Transfers among BPL Beneficiaries

Sl.no.	Preference of Cash Transfers	Percentage	Cumulative Percentage
1.	Yes	32.0	32.0
2.	No	24.0	56.0
3.	Unsure	44.0	100.0
	Total	100.0	

Source: Survey Data and Author's Calculation

In the above table 82% of the total APL respondents demonstrated inclination towards cash transfer, while 32% BPL respondents felt a need for cash. This shows that the need for cash transfer is much more for the APL category than the BPL category. It can be observed from the above tables that nearly 44% of the BPL respondents were unsure about opting for cash in place of grains. This shows that PDS is termed as a much stronger food security measure for the BPL rather than the APL respondents.

Table 3.8: Amount of Cash Required among BPL Respondents

Sl. No.	Amount of Cash	Percentage	Cumulative Percentage
1.	Rs. 100 - 200	4.0	4.0
2.	Rs. 300 - 400	4.0	8.0
3.	Rs. 400 and above	92.0	100.0
	Total	100.0	

Source: Survey Data and Author's Calculation

Table 3.9: Amount of Cash Required among APL Respondents

Sl. No.	Amount of Cash	Percentage	Cumulative Percentage
1.	Rs. 300 – 400	2.0	2.0
2.	Rs. 400 and above	98.0	100.0
	Total	100.0	

Source: Survey Data and Author's Calculation

Around 92% of the BPL respondents felt the need of rupees 400 and more so as to meet the extra food requirements of their family members, while 98% of the APL respondents felt the need for the same. Chandanshiv et al. (2013) in their Maharashtra based study also found that there out-of-pocket expenditure for procuring food grains remains a major problem. So no matter how much food is provided to the beneficiaries at subsidized prices still the need for extra cash is felt among all. The need for more money is felt by the APL respondents because they get fewer amounts of commodities for monthly use than their BPL counterparts.

Table 3.10: Frequency of Monthly Cash Transfers of APL Respondents

Sl.No.	Number of times in a month	Percentage	Cumulative Percentage
1.	2-4	8.0	8.0
2.	4 and above	60.0	68.0
3.	Unclear	32.0	100.0
4.	Total	100.0	

Source: Survey Data and Author's Calculation

Table 3.11: Frequency of Monthly Cash Transfers of BPL Respondents

Sl. No.	Number of times in a month	Percentage	Cumulative Percentage
1.	2-4	2.0	2.0
2.	4 and above	92.0	94.0
3.	Unclear	6.0	100.0
4.	Total	100.0	

Source: Survey Data and Author's Calculation

It is evident from the above table that nearly 60% of the BPL respondents felt the need for cash transfers more than 4 times a month while 92% of the APL respondents felt the same. Again the need of frequent cash transfers can be attributed more to the APL respondents owing to less quantity of items received by them on a monthly basis.

It was found that 68% of BPL households have a bank or post office account as opposed to 76% of the APL households. The nearest Bank or Post Office for is within 3 km for 72% APL and 76% BPL people. So distance of bank did not play an important role in opting for cash transfers as the banks are present within minimum of 3 km from their homes. A large number of respondents complained about the attitude of the bank

officials. One important study on the suitability of cash transfer in the current India scenario was conducted by Svedberg (2012). It was evident in that studies that more cash would ensure more utilization of resources and would also reduce other expenditure incurred in the process of transfer and storage. Use of Biometric Cards also came up as a new method of monitoring.

Table 3.12: Mode of Receiving Cash Transfer among BPL Respondents

Sl. No.	Mode of Cash Transfer	Percentage	Cumulative Percentage
1.	Direct cash	76.0	76.0
2.	Account transfer	12.0	88.0
3.	Unclear	12.0	100.0
4.	Total	100.0	

Source: Survey Data and Author's Calculation

Almost 76% of the BPL respondents felt that they would like to receive the cash transfer in form of direct cash while 64% of the APL respondents felt the need to receive cash transfer in their account directly and 28% preferred direct cash. This suggests that if cash is received directly in hands of BPL beneficiaries their utilization can be more than APL beneficiaries who want their cash to be transferred to their bank accounts. It is important to know that directly transferring cash in to the hands of the beneficiaries will result in severe corruption and malpractices. It can be also speculated that extra cash will be used in buying non-food grain commodities rather than food grain commodities.

Table 3.13: Preference for Cash in Place of Food Grains (by Considering Distance of PDS Outlet) among APL Respondents

Sl. No.	Distance of PDS outlet	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	0-2km	26	8	34
2.	2-5kms	9	0	9
3.	5-7 kms	4	1	5
4.	7kms and above	2	0	2
	Total	41	9	50

Source: Survey Data and Author's Calculation

Considering 50 APL respondents 26 of them had their PDS outlet within 2 kilometers of their homes. Still they preferred cash over grains which show that distance is not a major factor for choosing cash over grains.

Table 3.14: Preference for Cash in Place of Food Grains (by Considering Distance of PDS Outlet) among BPL Respondents

Sl. No.	Distance of PDS outlet	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	0-2km	9	10	16	35
2.	2-5kms	3	0	4	7
3.	5-7kms	1	1	1	3
4.	7kms and above	3	1	1	5
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

In comparison with APL beneficiaries out of 50 BPL respondents 10 did not feel the need of cash over grains whose homes were within 2 kilometers from the Fair Price shops and 9 felt the need. This shows that distance of PDS outlet from their respective homes could not be considered a reason for cash transfer.

Table 3.15: Preference for Cash in Place of Food Grains (by Considering Quality of Grains Received) among APL Respondents

Sl. No.	Quality of grain	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Poor	0	2	0	2
2.	Average	16	10	20	46
3.	Good	0	0	2	2
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

Out of 50 APL respondents 16 felt the need of cash transfer owing to the average quality of grains while 10 did not feel any need. So there was a marginal difference between accepting cash over grains and not accepting it owing to average quality of grains provided at the PDS outlet. Similar results were also obtained while taking in consideration BPL respondents which showed that quality of grains did not matter while considering cash over grains.

It was also found that out of 50 BPL respondents 12 preferred cash in place of grains even if time taken by them to go and come back from the PDS outlet was within 3 hours. 8 respondents did not prefer cash even though it took them 3-6 hours for going and coming back from the PDS outlet. One possible reason for wanting cash could be reducing the time wasted every month on a particular date for procuring food grains. The wasted time could be also utilized for doing other productive work.

Table 3.16: Preference for Cash in Place of Food Grains (by Considering Total Transit Time from the PDS Outlet) among APL Respondents

Sl. No.	Total transit time from the PDS outlet	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	0-3 hrs	30	7	37
2.	3-6 hrs	11	2	13
3.	Total	41	9	50

Source: Survey Data and Author's Calculation

Out of 50 APL respondents 30 of them said yes to a cash transfer scheme even if the time taken to come and go back from the PDS dealer was within 3 hours. 11 of them took more than 3 hours for the to and fro journey from the PDS dealer and preferred cash over grain subsidies. So the distance of the FPS shop doesn't play an important role in opting for cash transfers while the respondents are not able to procure PDS commodities on time.

Table 3.17: Preference for Cash in Place of Food Grains (by Considering Number of Days the PDS Outlet Remains Open in a Month) among BPL Respondents

Sl. No.	Number of days of opening of the PDS outlet	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	0-3 days	12	7	17	36
2.	3-5 days	4	5	5	14
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

It is observed from the table that out of 50 BPL respondents 12 wanted cash as they felt the opening of PDS outlet for 3 days a month was not sufficient to procure items. 17 respondents were unsure of their choice as many of them remained absent during the time when the PDS outlet was opened. When the APL respondents were asked the same question 41 of them said a yes to cash transfer and 9 were unsure about their opinion. Though there has been fixed number of days as allotted by the government but still people are unsure of the sufficiency of opening of the PDS outlet.

Table 3.18: Preference for Cash in place of food grains (by considering timely opening of the PDS outlet monthly) among BPL respondents

Sl. No.	Timely opening of PDS outlet monthly	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Yes	11	11	13	35
2.	No	5	1	9	15
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

The table points out that despite the number of days of opening of the PDS outlets being fixed; still 11 respondents felt the need for cash whereas 11 did not. This reason for wanting cash transfer cannot be justified as there is no difference between BPL respondents wanting cash and those who do not want cash.

Table 3.19: Preference for Cash in Place of Food Grains (by Considering Timely Opening of the PDS Outlet Monthly) among APL Respondents

Sl. No.	Timely opening of PDS outlet monthly	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	Yes	21	4	25
2.	No	8	0	8
3.	Unclear	12	5	17
	Total	41	9	50

Source: Survey Data and Author's Calculation

Out of 50 APL respondents 25 agreed that the number of days that the outlet opened was fixed, while 21 said yes to cash transfer which shows that there is a strong demand for cash transfer in case of APL rather than BPL beneficiaries. In spite the timely availability of PDS grains from the outlet, the APL respondents wanted cash transfers. The reason can be attributed to more value given to owing to substantial increase in food prices.

Table 3.20: Preference for Cash in Place of Food Grains (by Considering Information about Advance Opening of the PDS Outlet) among BPL Respondents

Sl. No.	Information about advance opening of PDS outlet	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Yes	4	1	6	11
2.	No	2	0	3	5
3.	Unclear	10	11	13	34
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

It is evident from the table that 10 BPL respondents out of 50 were not sure of knowing that prior opening of the PDS outlet and so they preferred cash while 11 did not want cash. Though there has been fixed number of days as allotted by the Government in opening of PDS outlet per month still people are unclear which shows their less awareness about the program. They still collect the grains on the same day as they have been doing since long by sacrificing whatever work they might be doing on those days. This proves that PDS is necessary for their survival.

Out of 50 APL respondents 42 were Unsure of the opening of PDS outlets and possibly because of that lack of information 33 of them agreed to opt for cash transfer in place of grains.

Table 3.21: Preference for Cash in Place of Food Grains (by Considering Adequacy of Opening of the PDS Outlet) among BPL Respondents

Sl. No.	Adequacy of opening of PDS outlet	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Yes	2	2	6	10
2.	No	10	10	6	26
3.	Unclear	4	0	10	14
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

As mentioned in the table 20 respondents out of 50 BPL felt that opening of PDS outlet was not adequate, 10 preferred cash while another 10 did not. The reason for choosing cash transfer thus remains ambivalent. Out of 50 APL respondents 31 were unsure of the adequacy of opening of the PDS outlet, still 28 of them said yes to cash transfer in place of grain subsidy.

Table 3.22: Preference for Cash in Place of Food Grains (by Considering Attitude of PDS Dealer) among BPL Respondents

Sl. No.	Attitude of the PDS dealers	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Helpful	2	0	4	6
2.	Indifferent	12	8	12	32
3.	Unhelpful	2	2	0	4
4.	Unclear	0	2	6	8
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

Attitude of the PDS dealer played an important role in cash transfer as nearly 32 respondents out of 50 BPL felt that the behavior of the PDS dealer was indifferent towards them. Out of 32 respondents 12 were in favor of cash transfer while 12 were Unsure of their opinion. Hence the indifferent attitude of the PDS dealer played an important role in opting for monthly cash transfers as they were not able to voice their opinions regarding their monthly entitlements.

Table 3.23: Preference for Cash in Place of Food Grains (by Considering Attitude of PDS Dealer) among APL Respondents

Sl. No.	Attitude of the PDS dealer	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	Helpful	21	0	21
2.	Indifferent	13	5	18
3.	Unhelpful	2	0	2
4.	Unclear	5	4	9
	Total	41	9	50

Source: Survey Data and Author's Calculation

Out of 50 APL respondents 21 felt that the attitude of the PDS dealer was helpful but still all of them preferred cash transfer in place of food grain subsidy per month. In comparison to the BPL respondents where indifferent attitude of the PDS dealer played an important role, the APL respondents received helpful behavior. This can be attributed to being more economically strong than their BPL counterparts which has put them in favorable positions with the PDS dealer.

Table 3.24: Preference of Cash in Place of Food Grains (by Considering Functioning of PDS Outlet) among BPL Respondents

Sl. No.	Functioning of the local PDS outlet	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Reasonably satisfied	2	0	4	6
2.	Somewhat dissatisfied	14	12	18	44
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

About 44 BPL respondents were somewhat dissatisfied with the functioning of the local PDS and out of them 14 wanted cash in place of grains and 12 did not. Almost 18 respondents were unsure of their opinion. So functioning of the PDS cannot be considered an appropriate reason for wanting cash over grains. Dissatisfaction of the people regarding the PDS outlet can be due several causes such as not opening on time, not getting good quality food materials, indifferent behavior of the PDS dealer.

Table 3.25: Preference for Cash in Place of Food Grains (by Considering Functioning of PDS Outlet) among APL Respondents

Sl. No.	Functioning of the local PDS outlet	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	Reasonably satisfied	15	0	15
2.	Somewhat dissatisfied	26	5	31
3.	Unclear	0	4	4
	Total	41	9	50

Source: Survey Data and Author's Calculation

31 APL respondents were dissatisfied with the functioning of the local PDS outlet and 26 of them preferred cash over grain transfer indicating that efficiency of the center affected the choice of consumers. In comparison to their BPL counterparts many of the APL respondents felt that functioning of the PDS outlet played an important role in opting for cash transfers.

Table 3.26: Preference for Cash in Place of Food Grains (by Considering Monthly Consumption of Food Grains) among BPL Respondents

Sl. No	Monthly consumption of food grains	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	15-30 kgs	2	6	0	8
2.	30 kgs and above	14	6	22	42
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

Out of 50 BPL respondents a massive 42 respondents consumed grains more than 30 kilograms a month. 14 of them preferred cash over grains while 22 were unsure of their opinion about cash transfer. In spite of consuming more than 30 kgs of grains on a

monthly basis still their preference about cash transfers remained uncertain which shows that they wanted cash not for buying more food but to satisfy their other needs.

Table 3.27: Preference for Cash in Place of Food Grains (by Considering Monthly Consumption of Food Grains) among APL Respondents

Sl. No.	Monthly consumption of food grains	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	15-30 kgs	2	0	2
2.	30 kgs and above	39	9	48
	Total	41	9	50

Source: Survey Data and Author's Calculation

From the above table it can be found out that nearly 48 APL respondents consumed more than 30 kgs a month out of which 39 favored cash in place of grains to meet family food requirements. As compared to the BPL respondents APL respondents wanted cash because they wanted extra food for their family. Not getting enough food every month can be attributed for opting for cash transfers among the APL beneficiaries.

Table 3.28: Preference for Cash in Place of Food Grains (by Considering Sufficiency of Food Grains) among APL Respondents

Sl. No.	Sufficiency of food grains	Preference of Cash in place of food grains		Total
		Yes	Unsure	
1.	Yes	2	0	2
2.	No	39	0	39
3.	Unclear	0	9	9
	Total	41	9	50

Source: Survey Data and Author's Calculation

Out of 50 APL respondents 39 agreed that the grain given to them was not sufficient to meet their family needs and agreed to accept cash in lieu of grains. This shows that there is a greater need for extra entitlements for the APL categories rather than the BPL categories.

Table 3.29: Preference for Cash in Place of Food Grains (by Considering Sufficiency of Food Grains) among BPL Respondents

Sl. No.	Sufficiency of food grains	Preference of Cash in place of food grains			Total
		Yes	No	Unsure	
1.	Yes	0	2	0	2
2.	No	16	10	22	48
	Total	16	12	22	50

Source: Survey Data and Author's Calculation

The above table shows data related to 50 BPL beneficiaries out of which 48 agreed to the fact that grain provided by the PDS was not sufficient to meet family needs and 16 out of 48 wanted cash transfer while 22 were Unsure of their opinion about cash transfer. So grain insufficiency is another reason for wanting cash in places of grain.

This could be a major reason for demanding cash transfer over grains as there is a strong need to buy extra food grains in order to meet family food requirements. Chandanshiv (2013) in his article has advocated inclusion of higher number of grains in the current scheme.

3.6 Case Study of PDS through Direct Interview with Block Civil Supply Officers

The interviews with two Block Civil Supply Officers helped in acquiring in-depth information about the organizational structure of PDS. For the effective implementation of any project there is an involvement of several stake holders at different levels. PDS, a welfare scheme targeted at providing food security to the marginalized sections of the society also has several stakeholders who are responsible for several activities such as

procurement, storage and distribution of food grains. There are also stakeholders who have a role in effective working of the PDS through proper monitoring and supervision. This section will focus on working of PDS procurement, lifting, storage and distribution, monitoring and supervision.

3.6.1 Procurement, Lifting, Storage and Distribution of PDS

There are five different levels involved in the process of lifting and distribution of food grains in the state. There are top officials who are involved in policy making for different bodies involved in the PDS. At the State level the PDS is managed by FCI and the State Civil Supply Corporation, the district level stakeholders are the wholesalers and district level FCI and Civil Supply Corporations, the block level stakeholders are the storage agents and sub-wholesalers, the Panchayat level it is the Panchayat, Self Help Groups and individuals Fair Price shop owners, and finally the last level is where the community takes the responsibility for distribution of commodities available under PDS either through Community based Organizations or individuals themselves.

3.6.2 Monitoring and Supervision of PDS

There are several monitoring and supervision mechanism at different levels in the state for effective working of PDS. At the state level there is a state level squad which has been assigned powers to take coercive actions where ever deemed necessary. At the district level there is a district level enforcement squad and DCSO for monitoring and supervision activities. At the block level there is the advisory or vigilance committee and the supply inspector. Finally at the GP level it is the Sarpanch and the village level advisory committee monitor that supervises several activities. At the Panchayat level several stakeholders both from demand and supply side converge. Though at this level there is No grievance addressable mechanism but the different stakeholders at this level report it to the next higher authorities.

3.6.3 Infrastructure facilities provided to PDS

Any welfare program with well-defined policy instructions has a need for proper infrastructure and effective management in order to facilitate proper implementation. The different infrastructural facilities available for PDS are as follows:

(1) District Level

(1.1)**FCI Godown:** There are FCI godowns in each district for procurement and storage of food grains. The FCI is also responsible for distribution of commodities available in PDS to the necessary beneficiaries under the purview of several other government welfare activities. If a district does not have a FCI godown; it can procure items from the nearby districts. The FCI is mainly concerned with storage of rice and wheat.

(2) **Oil Depot:** Different wholesalers lift their monthly quota of grain from the oil depots present in their respective districts or nearby to their location.

(3) Block Level:

(3.1) **Decentralized Procurement Centers (DPC):** These are sometimes sister units of the State Civil Supply corporation which are present in the rural and sub-urban business centers. These perform similar function as FCI and the wholesalers sometimes procure commodities from the DPC rather than FCI.

(4) **Mobile Van Unit:** These operate in such areas where there is No provision of opening a Fair Price Shop. It aims at providing quality food grains at regular intervals without intervals to a vast number of beneficiaries who are unable to have access to the FPS.

3.6.4 Stakeholders in the Process of Distribution

There are several stakeholders in the process of procurement, storage, distribution and monitoring and supervision of PDS in the state. The stakeholders need to be responsible and sincere in their activities for assuring PDS to the needy. There are a number of stakeholders both in the supply and demand side of PDS. While the supply side consists

of the Department of Food and Civil Supplies, the distributors and the Gram Panchayat, the demand side consists of the various ration card holders and the Gram Panchayat itself. The different stakeholders in various levels are as follows:

(1). State Level

State Civil Supply Corporation: This Department of Food and Civil supply is responsible for providing monetary support to the district levels civil supply corporations so as to assure them of getting their monthly provision of food grains from the FCI in lieu of advance repayment. It also restricts the unwanted selling of food grains by farmers at various DPC's. The head of the department is the managing director who assures essential food grains after proper processing and evaluation.

(2). District Level

(2.1) District Civil Supply Corporation/ District Civil Supply Office : It imitates most of the activities carried out by the state level civil supply office. It deposits the money received from the State civil supply corporation in the FCI godown against the monthly quota allotted to them. The different storage agents lift their quota of grain in lieu of advance payments made at the district civil supplies office. This office also fixes up the quota of grain delivered to each block according to the number of beneficiaries present. The official in charge of this office is liable to report both to the district collector and the state civil supply office.

(2.2). Oil Wholesaler: There are several oil wholesalers present in a district according to the number of beneficiaries and the geographical setting of the area. The wholesaler lifts this quota of kerosene from the oil depot after getting order from the CSO office by paying the advance. Similarly there are sub wholesalers in the block level who lift their quota of oil from the oil wholesalers by paying money in advance.

(3)Block Level

This is just the stage before the last level where there are maximum irregularities found. There are three stakeholders present in this level.

(3.1). **Block Development Office** acts as a Nodal agency in the process of distribution. The Block development officer is in charge of allocation of essential items under the PDS to different beneficiaries in different Gram Panchayat. A supply officer looks after the affair of PDS at the block level

(3.2). **Storage Agent** is an individual who after receiving the issue order from the district civil supply office lifts grain either from the FCI/ godown as mentioned in the order. It then distributes the essential items to the retailers under him.

(3.3). **Sub-Wholesaler** is an individual who is responsible to distribute oil to the retailers tagged under him at the Block level. After receiving order from the District Civil Supply office the sub-wholesaler lifts oil from the nearest Oil Depot as mentioned in his order.

(4). **Gram Panchayat Level**

This is the last stage of the distribution where. At this stage there are five different stakeholders such as individuals, individual retailers, women Self Help Groups, Community Based Organizations, mobile vans and the Gram Panchayat itself.

(4.1). **Individual Retailer:** Generally the sub-collector appoints an individual at the Gram Panchayat level who is responsible for distributing essential items to the concerned beneficiaries. The lifting of grains usually takes place in the last week of the previous month for distribution in the current month. The retailer has to produce a utilization certificate to the supply inspector which shows the amount of items utilized. The retailer has to have all information regarding the total number of beneficiary.

(4.2). **Women SHG's** have evolved as important stake holders for ensuring a transparent, dynamic and corruption free system of distribution of essential items provided under PDS. However as they are involved in distribution of only one item to the card holders they largely fail to yield financial benefits and self-reliability which was initially undertaken as the primary objective of involving SHGs in this process.

(4.3). **Community Based Organizations** like Yuvak Sangh, clubs and people's groups sometimes employed as distributors in the PDS based on their performance and good will in public welfare works. They are directly engaged with individual retailers in the process of lifting and distribution of commodities.

(4.4). **Gram Panchayat** also functions as a distributor channel for the PDS in order to fight corruption rampant in the whole process of procurement, storage and distribution. The card holders have to come to the Gram Panchayat office to get their monthly quota on fixed dates.

(4.5). **Mobile Van Unit** is the last and the most rarely used option for distribution of essential items. It is used in villages where there are No distributors and it is highly expensive to deliver the service by other means. Under this system a departmental van carries all the essential items directly to the home of the beneficiaries.

3.6.5 Stakeholders in the Process of Monitoring

There are many stakeholders in the process of monitoring and working of the PDS at various levels, a few important ones have been discussed below.

(1). State Level

State Enforcement Squad has been assigned the duty to look after PDS activities within the state and it also possess legal powers to take action against malpractices. The squad raids distributors and other people involved in the delivery channel based on complaints received. However it is often very inactive in many states and fails to ensure a transparency in the system which was the major objective of setting up the squad.

(2) District Level

District Enforcement Squad which works on a similar model of the State Enforcement Squad and hold power to take action against corrupt and dishonest officials. This squad

has members from the district civil supply office and civil supply corporation. They organize raids based on grievances.

(2.1) **District Civil Supply Officer** is responsible for monitoring and executing PDS in the district and ensures proper functioning of the service delivery system. The Government has fixed 12 days a month for the civil supply officer to visit his jurisdiction and personally inspect the activities of PDS. He also works closely with the district magistrate to penalize wrong doers.

(3) **Block Level Advisory Committee** has 15 members from across the sectors with the standing MLA as the chairperson. They keep a close watch over allocation, lifting, distribution and storage of items by the agents at the block level. They are also involved in awareness generation, prevention of black marketing and often work closely with higher authorities to improve the system.

(3.1) **Supply Inspector** functions like the Civil Supply Officer at the district level and is involved in execution and monitoring of PDS at the block level. He spends 20 days a month inspecting fields and is also responsible for preparation of reports to the DCSO and other state departments.

(4) Gram Panchayat Level

Advisory Committee has 10 members and selects its own president from among its members. The committee verifies registers and checks samples to prevent misallocation, leakage and diversion. The committee hears grievances and puts forward recommendations to the higher authorities for necessary legal actions.

Sarpanch also holds power to inspect the stores and sites of distribution as well as address grievances and take necessary actions.

3.6.6 Functioning of Public Distribution System in Odisha

There are seven millers in the district from whom paddy is procured. The Odisha State Civil Supply Corporation procures paddy from farmers through cooperative societies or

LAMPS⁴ situated at different blocks by A/C payee checks paid to farmers. The State Government through the District Collector fixes up different miller agents to procure paddy from the LAMPS allocated to them. The Collector receives the rice through the civil supply department from the mills and the millers are usually paid 68 % of the rice against the paddy purchased. Rice received from the millers are kept in different government godowns and according to the allotment made to them, the different blocks receive rice from their respective godowns. The blocks lift the rice from different government godowns and then it is send to different gram Panchayat to distribute it to several beneficiaries at subsidized rates of rupee one per kilogram of rice.

BPL rice is allocated at twenty five kilogram per card at the rate of rupee one per kilogram of rice and AAY card holders are given ten kilogram extra rice on their card which amounts to a total of thirty five kilogram of rice per card. APL card holders get wheat at the rate of rupee seven per kilogram and are allowed a maximum of ten kilogram per card. Wheat is lifted from the FCI godowns located at different blocks in an around the district. Kerosene is given to all card holders of APL, BPL and AAY at subsidized rates subjected to a maximum of four liters per card.

All the items are supplied to the different retailer outlets available in different Gram Panchayat through Fair Price Shops. The FPS shop agents obtain their license from several licensing authorities and distribute stocks likewise to APL, BPL and AAY beneficiaries against the grain allocated to them in their cards. The miller agent also supplies rice to FCI as per State Government Norms keeping specified quality as acceptable by FCA authorities which is ultimately passed on to the hands of ultimate consumers. Kerosene is produced by different oil companies like HPCL, BPCL etc. It is procured by oil whole sellers as per Government allotment to them. The collector fixes up the whole seller in the district and the sub whole sellers present in different blocks.

⁴ These are organizations who procure paddy from the farmers directly in behalf of the government

Enforcement measures are also conducted by the concerned supply department in order to curb black marketing of several PDS items at regular intervals. As the Block data reveals Lathikata Block receives 2508 quintals of rice which is distributed at the rate of 25 kgs per card. There are 10,033 cards in the block as per records. For AAY rice there are 3141 cards in total and rice is given at 35 kgs per card. APL cards are 12,505 in number and they receive 10 kg of wheat per card, which amounts to a total of 1,250 quintals of wheat. For kerosene oil a total of 101.05 kilo liter is supplied for both APL and BPL categories. Annapurna rice is being supplied to 135 poor beneficiaries at the rate of 10 kg per card free of cost. Card holder lifts the stock from different Gram Panchayat at fixed dates i.e. 15th of each month.

BPL and APL rice is given to card holders throughout the state on fixed dates issued by the State Government in two phases, 5th, 6th and 7th of the month in the first phase and 20th, 21st and 22nd in the second phase with wide publicity in block areas. Supervising officer is also deployed at each sale point to ensure free and fair distribution by Gram Panchayat and Women Self Help Groups engaged in distribution. It is a general complaint for all families not covered within BPL and APL categories even if they are eligible due to surveys being conducted a decade back. The Block still follows the 1991 Census as the basis of estimation. Lathikata block has 92 villages and 16 Gram Panchayat comprising of 90 Fair Price Shops.

3.7 Conclusion

Rice holds primary importance when compared with the two other produces, namely, wheat and kerosene, because people here are predominantly consumers of rice and very little wheat. The overall performance of PDS in Odisha is satisfactory in terms of the policies and provision determined by the State, however, people are largely dissatisfied with the inadequacies. Respondents gave positive feedback about the functioning of the Fair Price Shops in terms of timing and opening but were largely dissatisfied with the attitude of the distributors. Cash transfer has been chosen by all the respondents as the future forward. The policy makers should reconsider and revise policies so that it suits the needs of the people.

Chapter V

Summary and Conclusion

This short study helped in throwing light on the status of PDS in Odisha. The objectives of this study were to evaluate the issues related to access, utilization and perception of PDS among APL and BPL beneficiaries, to examine the process of procurement, storage and distribution of commodities in Odisha and to study respondents' opinion about cash transfer in place of subsidized food grains among APL and BPL beneficiaries. The major findings and solutions have been discussed below.

Rice holds primary importance when compared with the two other produces, namely, wheat and kerosene, because people here are predominantly consumers of rice and very little wheat. Kerosene is used as a fuel for cooking, is the second most important product as it has replaced the need to collect firewood for day-to-day cooking and is thus very important for the respondents. On an average people living above poverty line receive 7 kgs of wheat every month and 4 litres of kerosene, and people living below poverty line receive 25 kgs of rice, 10 kgs of wheat and 4 litres of kerosene. PDS has succeeded in securing minimum food requirements yet it is often insufficient for large families. For a low income level family this out of pocket expenditure takes a toll on their finances. Jha (2013) in his article has claimed that in order to ensure food security for one and all the amount of grains procured from PDS needs to be increased significantly. Puri (2012) in his article has supported the above notion that food grains must be provided to the beneficiaries according to the number of family members and not by considering the entire family as a single unit.

APL candidates have owned ration card for a longer duration and their number of service users is also higher than BPL. As expected they seem to be more privileged than the people living in poverty. However, APLs also agreed to have paid a bribe for acquiring ration card but a higher number of BPL respondents had to pay a bribe for it. The issue of corruption within the system remains a major reason behind the dissatisfaction of the service users.

Respondents gave positive feedback about the functioning of the Fair Price Shops in terms of timing and opening but were largely dissatisfied with the attitude of the distributors. Another problem was the deficiency of cash at the time of purchase. Everybody was interested in buying the commodities from Fair Price Shops but lacked the means. Another complaint that persisted within both the groups was about the quality of grains that was provided to them. It was unanimously agreed that the quality of the product ranged from poor to average and was a major reason for switching over to open markets. This calls for attention from the stakeholders at different levels to ensure that the quality of the product is maintained as it has been found to directly relate to the utilization of commodities (Balakrishnan et al. 1997) and is also a possible reason for the shift towards cash transfer.

Cash transfer has been chosen by all the respondents as the future forward. It was important to note the reasons behind this shift in order to understand the underlying causes of failure. The possible reasons are discussed below.

It can be concluded that for a family size of more than 3 out of a total 50 APL beneficiaries nearly 32 beneficiaries felt that the quantity of rice supplied to them is not sufficient to meet family needs. It became evident that nearly 60% of the BPL respondents felt the need for cash transfers more than 4 times a month while 92% of the APL respondents felt the same. Poor economic situation has prompted this shift in choice.

Almost 76% of the BPL respondents felt that they would like to receive the cash transfer in form of direct cash while 64% of the APL respondents felt the need to receive cash transfer in their account directly and 28% preferred direct cash. APL respondents were dissatisfied with the functioning of the local PDS outlet and preferred cash over grain transfer indicating that efficiency of the center affected the choice of consumers. One reason behind it could be the attitudinal difference of the PDS distributors and the bank professional. The behavior of the bank professionals especially towards the BPL

respondents was more amicable compared to that of the PDS service providers. This might have led to the change in mindset. Considering 50 APL respondents 26 of them had their PDS outlet within 2 kilometers of their homes, still they preferred cash over grains which shows that distance from the center was not a major factor for choosing cash over grains. Another possible reason for preferring cash could be reducing the time wasted every month on a particular date for procuring food grains. The wasted time could be also utilized for doing other productive work.

Out of 50 APL respondents 43 agreed that the grain given to them was not sufficient to meet their family needs and 39 agreed to accept cash in lieu of grains. The fact that grains provided by the PDS was not sufficient to meet family needs was another important factor. Chandanshiv (2013) in his article has advocated inclusion of higher number of grains in the current scheme.

The overall performance of the PDS scheme in the Jalda Gram Panchayat of Lathikata district is appropriate when the existing policies are taken into consideration. It is obvious that the service providers cannot work outside the rules and regulations of the State. Thus, given the prevailing dissatisfaction among the respondents that became evident during this survey, it is the duty of the policy makers to keep them updated with the requirements with respect to the family size and grain proportions as well as quality of the goods to ensure that the scheme satisfies those groups that are largely unhappy with its performance. There is immense potential in the scheme to emerge as the best food security measure provided issues around corruption, mismanagement and general State apathy is dealt with.

Policy Recommendations for Existing PDS

The current system takes in to consideration the different categories of beneficiaries according to the older census which was held a decade long back. The need of the hour is to include beneficiaries who are really eligible to be on the list. By this a huge number of exclusion and illegal inclusion errors can be corrected. There has been rampant supply of illegal cards to multiple family members of the same households; this has to be corrected

first so that the benefits of the PDS system can go to those for which it is intended to be. PDS is a mainly pro poor but there should be also more focus on the APL beneficiaries also. The amount of entitlements for the APL categories should be increased. Regarding cash transfers it should be ensured that money is given into their accounts directly instead of direct cash so that corruption can be curbed. Due to rising trends of prices of several commodities extra cash should be given in accordance with the food subsidies incurred. Cash along with monthly food grain entitlements can be a better way of increasing the current efficiency of the system. There should be more necessary items included in the PDS list rather than the items which are generally given. The current system is efficient enough if all the stakeholders understand their responsibilities and work together. The vision of ensuring food security for the poor can be made more productive if the above made suggestions are taken in to purview of the current system.

Scope for Further Research

The study is restricted to a small area and is not exhaustive or extensive and cannot be generalized for the entire district. The opinion of these 100 participants might not reflect the opinion of the entire population. Food security is a burning issue in India and the governments (both Center and State) are joining hands with each other for ensuring the same. Overall functioning of Public Distribution System in Odisha has been reviving off late but still there are large inclusion and exclusion errors. Government should concentrate on designing more effective practices in making the system reach to people for which it is meant to be.

Appendix-I

Definition of Key Terms

Consumer Forum: Consumer Forums are organized either by consumers or by government to redress the problems of the consumers.

Consumerism: Processes through which consumers seek redress, and remedy for their dissatisfaction and frustration, with the help of organized efforts.

Consumer Protection: Taking measures, which contribute directly to give the consumer the assurance that he will have the opportunity to buy goods of suitable quality as required by him and to get the required service.

Effectiveness of PDS: The fruitfulness of the PDS scheme – whether it has reached the right people and whether the right people are using the scheme to their fuller satisfaction or Not.

Fair Price Shops / Ration Shops: Shops organized by government solely to distribute PDS article and managed by states civil supplies department/ corporation / cooperatives / women groups.

Lead Societies and Link Societies: For the purpose of PDS the Cooperative Marketing Societies and Cooperative Wholesale Consumer Stores are acting as lead societies and they procure and distribute the rationed articles to the link societies. The Primary Agricultural Cooperative Banks are acting as link societies. Both lead societies and link societies are running FPS to distribute the rationed articles to the cardholders.

Public Distribution System (PDS): PDS is a poverty alleviation programme and contributes towards the social welfare of the people. Essential commodities like rice,

wheat, palm oil, kerosene, sugar, etc., are distributed at a lower price, which has government's contributions of subsidy.

Revamped PDS: The scheme launched in January 1, 1992 covering 2496 development blocks in the Country, which have employment assurance scheme. The retail price of food grains under RPDS should not be higher than the central issue price by more than 25 paise per kg.

Targeted Public Distribution System (TPDS): This scheme was launched on June 1, 1997. The TPDS is to confer benefits on the landless agricultural labors, marginal farmers, rural artisans, and craftsman in rural areas. It includes slum dwellers and persons earning their livelihood on daily basis. Special cards were issued to the families below poverty line.

Rationed Goods: Goods that are meant for PDS as notified by the government from time to time.

Weaker Sections: People below the poverty line and especially coming under the category of SC & ST

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